



## **OCHO SUR: “WE HAD PROJECTED TO INVOICE US\$61 MILLION IN 2022, BUT IT WILL PROBABLY BE MORE”**

Michael Spoor and Alfonso Morante -CEO and CFO of Ocho Sur, respectively- explain the growth of the oil palm company, driven by the greater productivity of its plants and the favorable international context.

### **What is the size of your operations?**

**Michael Spoor (MS):** We came to Peru in 2016 and bought two farms in Ucayali at a public auction. In total, we have 12 thousand hectares, of which 10 thousand were already planted with oil palm. To date we have invested almost US\$150 million to improve crop productivity and build an extraction plant valued at US\$20 million. In 2021 we produce more than 50% of Ucayali's exports and are the largest formal employer in the region.

### **How big is the oil palm market in Peru?**

**Alfonso Morante (AM):** Palm cultivation is still very small, approximately 90 thousand hectares, far below coffee, rice and cocoa. Colombia has 500 thousand hectares planted and Ecuador, 250 thousand.

### **Will they seek to expand their number of planted hectares?**

**MS:** We have not expanded and have no plans to do so. We are focused on growing productivity, generating greater efficiencies and automating our plant. In 2021 we produce 180 thousand tons, 18 tons of yield per hectare per year and this year we hope to reach 210 thousand tons since the palm enters its stage of greatest productivity. The goal is to reach 250 thousand tons in two or three more years.

### **How is the increase in production reflected in your billing?**

**AM:** In 2021 we invoiced US\$50 million, and in 2022 we hope to reach US\$61 million, although it may possibly be much more judging by the evolution of prices based on the international situation. At the beginning of 2022 the metric ton was quoted at US\$1,200, today it is US\$1,710.

### **If the international situation is in your favor, and your plants are reaching high levels of productivity, why not expand the number of hectares planted?**

**AM:** It's a complicated topic. Zoning in the region is not finished and the company has decided that all its operations must be within a very rigid sustainability framework. We are focused on working with small farmers. The company cannot be an actor that promotes deforestation. If there was an opportunity to add an already intervened space that could be worked on, the specific case would have to be analyzed.



**Does this respond to improving your community relationship after the complaints related to the prior consultation?**

**MS:** We do not have any conflict, the communities are happy to have us as neighbors because we are a partner in sustainable development and improving their standards of living.

There is an absence of clear regulation and territorial planning, it is difficult to expand without a clear roadmap between authorities and private companies. As long as these consensuses are not achieved, we prefer to ally with farmers who want to enter palm cultivation in Ucayali.

**So, the complaints have been settled?**

**AM:** There are organizations from outside the region that seek to cultivate conflicts and generate news about companies against communities that are false.

**What are your investment prospects for 2022?**

**AM:** We have a capex of more than S/35 million. We are investing in our mill to double the capacity from 45 tonnes per hour to 90. This is something we will achieve in the next two to three years. We are also acquiring a boiler, and this year we started phase two of the plant automation process. We have important purchases of vehicles and machinery, as well as road maintenance since we have more than 200 kilometers of internal roads.

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Press Office

**Ocho Sur**